REMARKS

This paper is responsive to an Office Action mailed January 18, 2007. Prior to this response, claims 1-27 were pending. After amending claims 1, 4-6, 13, 15, 18-20, and 27, and canceling claims 2-3, 14, and 16-17, claims 1, 4-13, 15, and 18-27 remain pending.

In Section 3 of the Office Action claims 1-7, 13-21, and 27, have been rejected under 35 U.S.C. 102(e) as anticipated by Wang et al. ("Wang"; US 6,167,084). With respect to claim 2, the Office Action states that Wang discloses the calculation r = No/Ni, and calculating Qo in response to r. With respect to claim 3, the Office Action states that Wang discloses the calculation Qo = Qi/r. This rejection is traversed as follows.

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987).

Claims 1 and 15 have been amended to include the subject matter of claims 2-3 and 16-17, respectively. The Applicant respectfully submits that this subject matter is not disclosed by Wang.

At col. 13, ln. 1-10, Wang discloses the calculation of Tn, which is the target number of bits for superframe n. Tn is a function of Tr, which is distribution of remaining bits over the remaining superframes from n' to N (col. 12, ln. 57-67). "C" is a complexity measure equal to the level of quantization (Q) and the number of bits generated for a frame using Q (col. 11, ln. 15-25). "K" is a weighting factor. In summary, Wang's formula for Tn' is a measure of number of bits in a

particular frame (the numerator) as compared to the number of bits in a superframe (the denominator). Wang's formula does not consider the number of input bits received. More explicitly, Wang's formula for Tn' does not compare number of bits in the output stream (No) to the number of bits in the input stream (Ni), as recited in the formula r = No/Ni.

With respect to claim 3, the Office Action states that Wang discloses the calculation of Qo = Qi/r at col. 12, ln. 20-25. The cited section includes a formula for giving higher priority for some programs. To that end, weighting factors "w" and "K" are used. Formula (7a) cited in the Office Action does not define r as being the ratio of an input stream quantization factor (Qi) to an output stream quantization factor (Qo). Therefore, Wang does not describe the formula Qo = Qi/r as recited in the claimed invention. Since the Applicant recites that r = No/Ni, the formula for Qo may be rewritten as Qo = NiQi/No. Wang does not disclose the calculation of output quantization parameters as a function of the number of input bits times the input quantization parameter.

Since Wang does not explicitly disclose every limitation recited in Applicant's claims 1 and 15 (as amended), he cannot anticipate these claims. Claims 4-7 and 13, dependent from claim 1, and claims 18-21 and 27, dependent from claim 15, enjoy the same distinctions over the cited prior art reference, and the Applicant requests that the rejection be removed.

Section 4 of the Office Action states that claims 8-12 and 22-26 would be found allowable if rewritten in independent form, including all the subject matter of the base and intervening claims.

It is believed that the application is in condition for allowance and reconsideration is earnestly solicited.

Respectfully submitted,

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